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ABSTRACT

A conceptual introduction to the nature of resources and their role in production and in the marketplace begins this issue. Four instructional units follow, beginning with "Nature Is Resourceful," a unit intended for preschool and kindergarten children built around a nature/resource walk, making sun tea, and analyzing the story of the "Three Pigs." The first and second grade unit offers seven separate "resource awareness" activities ranging from reading to making a product. "Rounding Up Resources," the unit for third and fourth grade children, involves students in using maps to identify natural resources, marketing natural resources, and tracing the production of paper. The fifth and sixth grade unit, called "Blue Jeans to Income," helps students investigate the factors of production and examine the relationships between income, economic well-being, and control of economic resources. This issue concludes with announcements of the "Striving for Excellence" awards competition held in conjunction with the 1984 Summer Olympics and with membership information for the National Center of Economic Education for Children. (JDH)

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Resources for the Marketplace

Elementary Economist

William O. Shropshire; and Others

1984

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The
# Elementary Economist®
Published by the National Center of Economic Education for Children

THEME OF THIS ISSUE

# RESOURCES FOR THE MARKETPLACE

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## IMPORTANT ANNOUNCEMENT

NCEEC MEMBERSHIP is for YOU! Membership in the National Center of Economic Education for Children is being offered to individuals who recognize the benefits of developing an economic way of thinking in elementary school children.

Your Membership in NCEEC will continue your personal subscription to *The Elementary Economist*, a valuable and relevant journal of economic topics and teaching activities, provide discounts on workshops and materials, plus other resources and benefits. SEE Page 14 for details.

# *Center News*

## Contributors Support Center Programs

Program plans of the National Center have been in full operation this past year. Center staff have successfully completed two curriculum/lesson plan books for the 3rd-4th grade level, plus sample lessons for grades 1-2 and 5-6, and a series of Olympic lessons. Curriculum programs and teacher workshops have been initiated in elementary schools in thirteen states with many more scheduled for this school year.

The Center's success in program development and implementation has been, in large part, due to the financial support of our contributors. The program services of the Center have been made possible by support from:

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## Striving for Excellence Awards (See article on p. 12.)

Student medal winners from the Los Angeles area smile with pride after receiving their awards at a garden reception sponsored by First Interstate Bank of California in July. They are six of the sixty-eight students chosen nationally for their dedication to hard work in achieving a goal. Shown here are (from l. to r.) Lisa Griffin, Joann Robbins, Angela Elam, Kara Morgan, Juan Perez and William Zacuto.

Matt Fellman

# Resources for the Marketplace

by Dr. William O. Shropshire

*Dr. Shropshire is Callaway Professor of Economics and Chairman of the Division of Business and Economics at Oglethorpe University in Atlanta, Georgia. He has also served as Director of the Southeastern Summer Institute in Economic Education at Oglethorpe.*

## WHAT ARE RESOURCES?

Four times each year newspapers report the Gross National Product of the economy and define it as the value of final goods and services produced during the period. Actually, we know we mere mortals cannot "produce" anything, because, as physicists remind us, matter can be neither created nor destroyed. What we call "production" is really only a process through which things or situations are changed from a less desirable to a more desirable state. In that process resources are the agents or the objects of the change. These resources are human energy (labor), tools, machinery and buildings (capital goods), the gifts of nature (land and other natural resources), and human imagination (entrepreneurship).

As an example of a productive process, we make lemonade by changing the location of lemon juice from inside the rind to outside, sweetening it and cooling it. The resources are gifts of nature (lemons, sugar, and water), human energy or labor, capital goods (knife, lemon press), and the imagination to see that lemonade is preferable to lemons. (If this were not so, making lemonade would be a waste of good lemons and not production.)

Two conclusions can be drawn from our lemonade example: First, we call the process "production" if the new state is preferred to the old. (We will return later to the question "preferred by *whom*?") Second, the things or activities that constitute resources depend almost entirely on tastes and technology. Lemons are a resource because people like lemonade; petroleum is a resource because of the invention of the internal combustion engine; certain mathematical ability is a resource because of computers; and Michael Jackson is a resource because people like his music.

## THE MARKET FOR RESOURCES

Many resources are used by individuals and families to satisfy their own wants directly. Lawns are cut, meals prepared, gardens weeded, and autos washed. In this case of direct satisfaction of wants, it is clear that the use of resources is productive and not wasteful because an individual does not wash his car unless he prefers the new state (a clean auto and a tired body) to the old (a dirty auto and a rested body). But in our economy people satisfy most of their wants indirectly through specialization and market exchange. They do this by selling the resources that they own and using the money they earn to buy things that other people produce. For example, people earn wages by selling their labor and they earn rent by selling the use of their land or property. The price they receive for their resources is determined in the market by the interaction of supply and demand.

## PRICES OF RESOURCES

The *demand* for products determines the demand for resources. So, an increase in demand for lemonade will cause an increase in demand for lemons, certain kinds of labor, sugar, and ice, and will probably cause an increase in their prices. Therefore, people who are adept at lemon-squeezing and those who own lemon orchards, sugar cane, and ice-making equipment will sell their resources for higher prices and will earn higher incomes. In general, we must look at the demand for products to explain changes in the prices of resources.

Demand, however, is only half the story; the *supply* of resources can also affect their prices. People will supply their labor to the marketplace only if they earn enough wages and other benefits to compensate them for giving up alternative uses of their time, such as leisure, do-it-yourself activity, or volunteer work. For example, homemakers will supply their skills in the marketplace only if they earn enough wages and other benefits to compensate them for giving up the alternative benefits of remaining in the home. Thus, a decline in the benefits from homemaking would lead to an increase in the supply of labor and a tendency for wage rates to decline.

Similarly, owners will supply their land for a particular use only if they earn enough money (rent) to compensate them for giving up alternative uses of the land. For example, a piece of land will be used for a parking lot only if car owners are willing to pay higher rent than shopkeepers who want to build their businesses on the land.

It is somewhat more difficult to deal with the supply of capital goods. Some of the resources required to produce a lemon press (a capital good) are also required to produce lemonade (a consumption good). So the enjoyment of lemonade must be deferred while resources are diverted from lemonade production to make the press. In general, this is the circumstance with capital goods: someone must defer consumption if the supply of capital goods is going to be increased. It is "savers" who defer consumption and lend their money to others who use it to hire resources to produce capital goods. The young people who place their summer earnings in savings accounts (rather than spend

*(continued on back page)*

# Nature is Resourceful

by Jane Murphy

*Jane Murphy is currently teaching first grade at Crestwood Elementary School in Tampa, Florida. This winter, Jane will complete work on her Master of Instruction degree in Economic Education at the University of Delaware. She also works with the University of South Florida Center for Economic Education to develop CHILDRENomics, a monthly publication for elementary classrooms.*

## Resources for the Marketplace

**Young children are curious and aware; they notice that nature provides us with many valuable things that are all around us. They see trees, animals, minerals, sun and water, and can easily be shown how these natural resources can be used to make other things.**

**Children are also aware of man-made things such as nails, tools, machines and buildings, and they can distinguish them from items in nature. They can be shown how tools, machines, etc. can be combined with people's labor to produce other new, man-made things. At home, children may use resources while working with their parents to produce a tray of cookies, or to make their own toy. Children can learn through doing, that when their work and talent is combined with resources from nature and other man-made resources, a new product can be created.**

## Student Goals

1. Realize that nature provides us with natural resources.
2. Understand that what makes an item a resource is that it can be used to make other things.
3. Distinguish between natural and man-made things.
4. Realize that man-made things also can be used to produce other things.
5. Realize that when children use their own creative talents, energy and labor to do work, they are providing human resources.

## Teaching Activities

### I. All That's Natural in the Woods

*science • social studies • art*

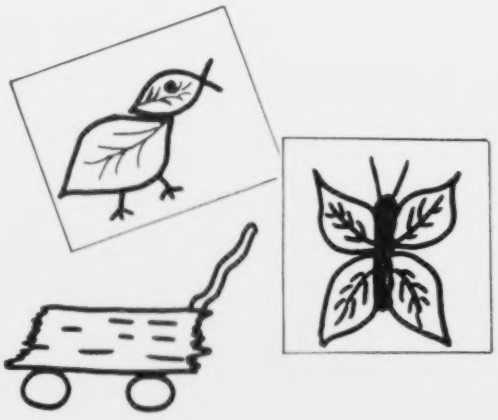
The season of autumn is a wonderful time of the year to view nature in its most splendid colors. What better season to lure children out into the woods on a nature walk? What better time to search out the natural resources which are so abundantly present in our surroundings?

Explain that nature provides people with useful, valuable things that are all around us—water, land/soil, trees, sun, animals and minerals. Discuss which of these gifts of nature children could actually collect on a walk through the woods. Explain to the class that those things which are useful to us and can be used to make other things, we call *resources*.

Make arrangements to go on a walk through the woods. Have children collect leaves, sticks, nuts, wild flowers and wood that can be used to make a nature picture. (As children collect things from nature, pick-up a man-made item, such as a bottle cap, paper cup or tin can, and ask, "Is this something from nature?" "Did it grow on a tree or come from the soil?" Children quickly realize that *people* had to make these items.)

Back in class, help children produce a nature picture. They may want to shape different sizes of leaves into pictures of birds or scenes. Children may want to fashion designs from sticks, sand and bark. (If glue, paste or crayons are used, ask the class, "Are *these* items found like this in nature? Where do they come from?)

Through a discussion, help the children realize that their own energy, labor and creativity were used to produce *their* artwork. Explain that when they combined their energy and talent (human resource) with things from nature (natural resources) they created something new—their nature pictures (the product).



### II. Sun Tea

*science • concept-building • discrimination*

The sun is one of our greatest gifts from nature. It can be used to help produce things we all value and enjoy. By combining water and tea in a clear jar children can

***PARENT CORNER**: Have your child help you cook, pointing out the natural resources used in the recipe. Explain how the ingredients are combined to create a new, more desirable product.*

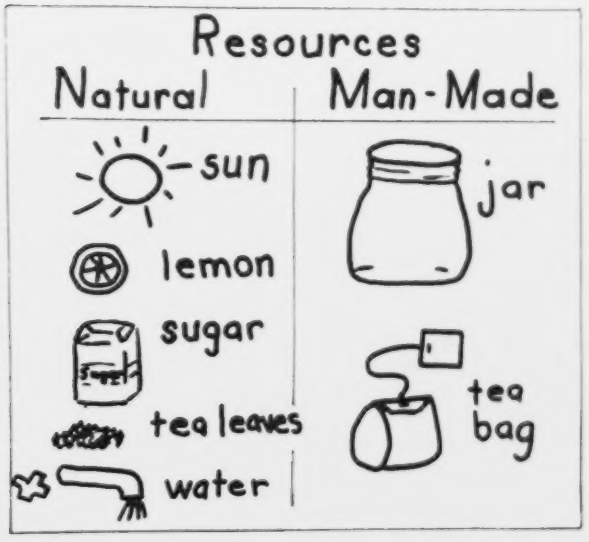
watch as the sun helps to produce a refreshing drink for all to share.

Explain that water, sunlight, fruit, tea leaves and sugar are all examples of *natural resources*. These natural resources are used to produce other things. Have the children think of some things which can be made by combining some, or all of these resources. Ask, "Do any of you (or your parents) drink tea? How is the tea prepared? Is water used? Is the water heated? How and where is it heated? (On the stove.) "Can they think of another way to heat water? Can the sun heat water? Have they ever tasted or seen iced tea which is made using heat from the sun?"

On a bright, sunny morning, fill a large gallon jar with water. (Mayonnaise jars from the cafeteria are the greatest!) Explain that the jar is a *man-made resource*. Place 8-10 tea bags in the water and close the lid. Explain that the tea is a *natural resource* (the tea comes from tea leaves which grown on a shrub) but, the bags are *man-made*. Set the jar in direct sunlight and observe occasionally as the water gets darker. By afternoon the tea should have darkened the water.

Ask the children what caused the water to turn into tea. (When tea leaves are soaked in *warm* water they give off their special flavor, aroma and color into the water.) Explain that the sun is a natural resource and that it warmed the water. Pour the tea over lemon and ice, sweeten, and "sit back and enjoy!"

Review all the resources used to make the tea. Have children pick one of the resources and draw a picture of it. Then have them decide which are natural and which are man-made. Make a chart which is divided into two parts: one side labeled "Natural" and one side labeled "Man-Made." Allow children to place each picture on the appropriate side.




### III. Three Resourceful Pigs

*language arts • art • sequencing*

The following story can be told to the class as a means of distinguishing different types of resources.

*This is the story of three pigs who lived on a farm with their mother. The pigs were growing up, and getting so big that their mother said, "It is time for each of you to build your own house. Go out and look around the farm. You can find many resources that you can use to make a good house of your own. But, beware of the big, brown wolf."*

*The next day, the first pig found a pile of straw in the field. "That would make a good house," he said. So he got a rake from the barn and began to work. He worked hard and soon his house was ready. The little yellow straw house looked so nice that the first pig moved right in.*

*Just as he closed the door, a big, hungry brown wolf came up and said, "Little pig, little pig, let me come in."*

*"Oh, no! Oh, no, you cannot come in!"*

*Then I'll huff and I'll puff and blow your house down!"*

*"You can huff, and you can puff, but you can't blow my house down, it's very nice and it's built of straw," said the little pig.*

*So the wolf began to blow, "Huff! Puff!" and the straw house came tumbling down. The poor little pig ran away as fast as he could!*

At this point, ask the class, "What were the resources the pig used to build his house?" (rake, straw) "Which is natural?" (straw) "Which is man-made?" (rake) "If the pig were a real person, what would you call the work he did?" (human resource/labor)

Continue the story in the same manner. Have the second little pig chop down a tree to build a house of wood and sticks (natural), using an ax, hammer and nails (man-made). And, finally, the third pig builds a house of bricks (man-made) with a wood roof (natural), using a wheelbarrow, cement, hammer and nails (man-made) and his own labor ("human" resource).

Having the children name the resources in the order that they were used, then placing them in the proper group, provides practice in classifying and sequencing.

Ask the children to think of the resources that one of the pigs used to build the house. Draw a picture of all the resources that were used. Or, make shadow boxes, dividing the class into three groups. Have one group collect grass to build a straw house. Ask another group to collect sticks for a wooden house, and the third group to build a house of small plastic bricks. Assign one person in each group to make a little pig of clay to accompany each house.

# *Teaching Activities 1-2*

# Calling All Resources

by Suzanne Wegner

*Suzanne Wegner has taught first and fifth grades at Elkhart Lake Elementary School in Elkhart Lake, Wisconsin. She recently completed a graduate course in economics at Lakeland College in Sheboygan, Wisconsin and looks forward to expanding her role in economic education for young children.*

## Resources for the Marketplace

**Each time a child takes a trip to the grocery store to purchase a product, uses paper and pencil to do schoolwork, has to perform chores at home, or goes to the doctor, s/he is dealing with the economic concept of "resources." It is important for children to appreciate that those goods and services they consume must be produced with *resources*; that is, natural resources — the land, minerals, trees, etc., that are used, human resources — the people who provide the work that is required, and capital resources — the tools, equipment and buildings needed to make a product or service. It is also vital that they realize that their wants are unlimited, but the resources needed to provide them are not.**

## Student Goals

1. Understand that resources are those things provided by nature, the work/labor of people, and the tools and equipment needed to produce a product or service.
2. Realize that everything produced is made from resources.
3. Recognize that people are a very important resource, and that they need other resources to do their jobs.
4. Realize that some resources are more scarce than others, because of the greater demand for them.

## Teaching Activities

### I. Resources for a Home

*language arts • vocabulary • recall*

This activity introduces students to the concept of resources, through a book called *The Barn* by Thom Roberts (McGraw: New York, 1975). It is the story of a young couple who are given an old barn which they dismantle and then use to build their own home. *The Barn* is a picture-book with no text, so it lends itself to a discussion of those resources that are used to produce a product (the couple's home). Explain that a resource is anything that can be used to make other things (things which satisfy people's needs and wants). In this case, the couple wanted to build a home for themselves. Elicit from the students that many things went into the completion of the house — the building materials, the land on which to build, the work the couple put into dismantling the barn and constructing their home, and the tools that were used — all of which we call *resources*.

### II. Resources for a Thirst-quencher

*reading • language arts • making a product*

To illustrate the concept of resources used in making a product, read the book *Dinner's Ready* by Anne Neigoff (part of the Community Helpers Series: Albert Whitman: Chicago, 1971). This book describes the many different people and things involved in making a wide variety of foods for the consumer. Children experience the work involved in preparing food in a restaurant, they make a shopping trip to a supermarket, then trace the origins of many food products.

To reinforce for students that a product that we need or want must be made from resources, have the students help make a pitcher of Kool-Aid. Have them list on chart paper, the resources used in making the Kool-Aid: Kool-Aid, sugar, water, pitcher, spoon and the person who mixed the ingredients.

### III. People as Resources in School

*reading • observing • reviewing • art*

So that students can better understand the resources that various producers need to do their work, read the book *Saturday Walk* by Ethel Wright (William R. Scott: New York, 1969). It is the story of a boy and his Dad who take a walk and see many people doing their jobs. This book can lead to a discussion of the number of resources (i.e. tools, machinery, vehicles, materials) that producers need to perform their services in the community.

| Producer | Product or Service | Resources |
|---|---|---|
| secretary | letter | typewriter, paper |
| cook | school lunch | stove, pans, food |
| janitor | sweeping floor | broom |
| librarian | reading book to class | book |

***PARENT CORNER:*** *When walking with children in the woods, on a farm, at the seashore, or in the desert, point out the many types of plant and animal life and ask if they think any of them are useful to people.*

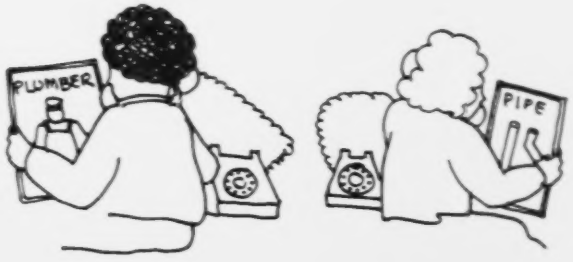
Take a walk through the school or neighborhood and have the children observe the many producers, the products or services they produce and the resources that are needed in their jobs. (Remind them that *resources* are *all* those things that are useful in producing something.) After the walk, have the students list on a chart the producers they saw, the products they made and the resources used.

Then divide the class into five or more groups. Have one child trace his/her body on a big piece of butcher paper. The group should then choose one of the producers they observed, and with crayons, dress and decorate the "body" as that producer. They should also draw the resources the producer used in his/her work next to it. Display pictures on the bulletin board.

### IV. Calling All Resources!

*verbal skills • reviewing information*

Play the game "Calling All Resources!" to further emphasize the resources needed to perform a job. Divide the class into two groups. In one group, give each child a card with the name of a producer on it, such as: teacher, secretary, farmer, factory worker, doctor, etc. The other half of the class receives a card with a natural (land) or capital resource listed on it, such as: paper, water, a field, factory, typewriter, doctor's instrument.




Have two toy telephones available. The "producer" group takes turns calling on the phone, announcing to the class who they are and that they are in need of some resources to do their job. A child in the "resource" group with an appropriate resource card can respond by going to the other phone and reporting the resource he/she has that the producer needs. Discuss with the class other resources that the specific producer may need besides the one mentioned.

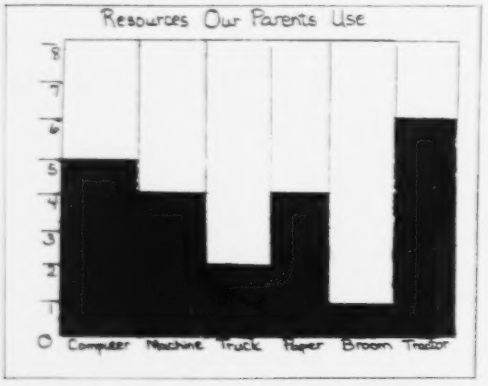
A variation of this game would be to substitute the "producer" cards with "product" cards, such as pencil, milk, lawn mower, house, etc., and the "resource" cards would give the natural/capital resources needed to make the products.

### V. Parents Use Resources

*reading • language arts • art • math*

To elicit discussion on what resources parents use in their work, read the book *Mothers Can Do Anything* by Joe Lasker (Whitman Co: Illinois, 1972). Discuss the many *jobs* moms (and dads) have in their work outside and inside the home, as well as the *resources* that they use. Encourage the children to talk to their parents about what they do exactly in their occupations and the resources they need to produce a product or service. (An explanatory note may be sent to parents.)

As a follow-up activity, have the students paint a mural of their parents at work. Then make a graph of the various resources that the students' parents use. You may want to come to a consensus on which resources are most commonly used by parents of the class, then list them on the graph.




Discuss the idea that some resources are in demand more than others, as shown on the graph. Explain to the children that at times, this may create a shortage of a resource.

### VI. Scarcity of Resources

*reading • thinking skills*

To develop the idea that when there is a great demand for a resource, a scarcity or shortage situation may be created, read the book *Stone Soup* by Marcia Brown (Charles Scribner's Sons: New York, 1947). Talk about the fact that the village people in this story had a scarcity situation; they did not have enough food to eat. Have the students brainstorm why certain resources are scarce and what producers can do about the scarcity of certain resources (substituting another resource: coal or wood for oil, polyester fabric for cotton; creating new products: rhinestone jewels for real diamonds).

### VII. Gifts of Nature

*reading • music • writing*

To further extend the concept of scarcity into the realm of natural resources, read the book *New True Book: Conservation* by Richard Gates (Children's Press: Chicago, 1982). It details the many riches of the land, how we protect land and animals, why animals disappear, and what we can do about it.

Sing the song, "This Land Is Your Land" by Woody Guthrie. Discuss the many natural resources detailed in the song: forests, Gulf Stream, valleys and desert.

Have the children write and illustrate a story about one natural resource and its uses.

# Rounding Up Resources

by Mary M. Wehmeyer

*Mary Wehmeyer currently teaches third grade in Tubac, Arizona. She holds a B.S. in Economics from Indiana University and a M.A.T. from the University of Louisville. As a teacher in Louisville, two of Mary's kindergarten economic projects won both state and national awards in 1979 and 1981 in the International Paper Company Foundation Awards Program.*

## Resources for the Marketplace

**Students at the third and fourth grade levels can easily identify factors of production that they encounter in their home and at school. A close examination of the natural resources of their own region of the country leads students to a better understanding of man's use of scarce productive resources, and how that's uninfluenced by man's desires, customs, geographic location and technology.**

**These western-flavored activities were adapted from a three-month economic project, "The Round Up Shop, Inc.", in which students formed a corporation, produced and marketed four products based on the important "Three C's" of Arizona's economy: Cattle, Copper and Cotton. Combining the study of their state's natural resources with the "hands-on" experience of operating their own business, allowed students to make economic resources an integral part of their everyday life, and contributed to a new and better understanding of factors of production in the marketplace.**

## Student Goals

1. Identify the natural resources of the geographic region in which students live.
2. Understand that people use scarce available resources to produce goods and services to satisfy their needs and wants.
3. Understand that climate, physical features and natural resources vary from one region to another, and affect how people provide for basic needs.
4. Understand that production demands specialization in land usage, occupational training, and use of tools or technology.

## Teaching Activities

### I. Corraling Our Natural Resources

*research skills • comparison • reporting • art*

This activity will familiarize students with the natural resources that exist in their own region of the United States.

Explain to the students that natural resources are those things that exist or grow in nature that are useful to humans, and that these resources vary from one region of our country to another.

Display pictures and a map of your state that show its mountains, hills, valleys, rivers, lakes, coastlines, peninsulas, bays, etc. Have the students use encyclopedias, or other references and social studies books, to list the natural resources found in their state.

Discuss how natural features of your state affect farming, shelter, dress, food, business and industry, play and travel. Does scarcity of certain natural resources (such as water, farmland) affect their usage in your state?

Select four of five other states of our country in which the topography and climate differ greatly from those of your state. Have each student select and study a map of one of these states and research its natural resources. Ask the students to write a short report comparing these natural resources with those of their own state, and indicate how the differences affect agriculture, jobs, shelter, dress, etc.

Ask the students to make a crayon drawing on 12" × 18" paper that depicts natural resources of their state, as they appear in nature.

Share this information with the other students in your school via a mural for the hall. Have four or five students work together using crayons or paint on a large piece of white or light blue bulletin board paper. Our mural was entitled "Arizona's Natural Resources", and students used colored yarn to connect labels of the resources to a large landscape drawing of rivers, lakes, forests, farmlands, cattle ranches, mountains being mined for copper, cactus and other plant life, fish and wild life, and bright sunshine (climate).

Creating a picture of nature's gifts helps students recognize and remember natural resources.

### II. Rounding Up the People

*geography • map skills • discussion*

In this activity, students will develop an awareness of how special uses of natural resources demand specialization in labor, or human resources.

Explain that *all* those things, ideas, energies and skills that are used to make or produce something are called resources. Note that in order to produce the many goods and services that people want and need, they use natural resources, capital resources (tools, equipment, buildings), and human resources (labor, skills) and entrepreneurship (imagination, willingness to take risk).

Display a large map of your state, and discuss the special uses being made in your state. Questions are:

Where is land being used for . . .

- farming? raising cattle? drilling oil?
- industrial plants? business and residential areas?
- tourism? recreation?

***PARENT CORNER:*** *Help children see how nature's resources are changed for our use by tracing the objects in your living room back to their origin in nature (trees, soil, minerals, crude oil, animals, etc.)*

Reproduce on ditto paper a blank outline map of your state. Ask each student to pencil in and label the names and correct locations of rivers, lakes, dams, mines, major cities, etc., and to number each location. Then ask the students:

1. Where do most people live in our state?
   (Where they can get jobs and make use of their training and ability)
2. What kinds of jobs are people doing?
   (Depends on the special uses being made of the resources in the part of the state where they work)
3. Who decides how resources will be used?
   (People do, by their demand for certain goods and services)
4. Why are people doing these jobs?
   (These are the special jobs needed to produce particular goods/services with the special resources and tools available. Also, these are the jobs that people are trained to do.)

Complete this activity by asking the students to list on a separate paper the names of two specialized occupations being performed at the numbered geographic locations on their dittoed state map.

Examples:
1. (Phoenix) Government Office Workers, Hotel Managers
2. (San Manuel Copper Mine) Miners, Welders
3. (Tucson Industrial Area) Engineers, Computer Programmers

### III. Marketing Our Resources

*observation • note taking • evaluation*

Inform the class that they are going to visit a local business that designs, produces and sells a product using productive resources of your state.

In advance, arrange this trip with a local artist, craftsperson, or manufacturer who meets these specifications. Describe the business to the students and ask them to suggest good questions that will help them identify the natural, human and capital resources used in this business. Put a few of these questions on the board and have the students record them in their notebooks, leaving room for answers. Examples:

- Where do you get raw materials for your product?
- How many workers do you employ?
- What tools or equipment do you need in order to make your product?

Students are to (1) observe carefully the operation of the business, (2) jot down answers to their questions in their notebooks, and (3) record the productive resources they observe being used in the business.

Back in class, students will transfer their recorded data to a follow-up survey sheet. Have the students share and compare their data with the class. Discuss the extent and importance of capital resources as used in this particular business. How did the owner's entrepreneurial (imagination, risk-taking) and management skills influence the business?

| Lee Blackwell's Copper Fountain Shop | | |
|---|---|---|
| Natural Resources | Human Resources | Capital Resources |
| Silver | Lee's skill, | Lee's shop |
| Water | creativity | Anvil |
| Oxygen | labor and | Torch |
| Sulfur | management | Saw |
| Land (for shop) | ability | Pump |

To evaluate the students' understanding of these economic concepts, ask if the resources used to produce the product for this business were owned originally by the business. Did it take any other people and other businesses to transfer or sell the resources for production to occur?

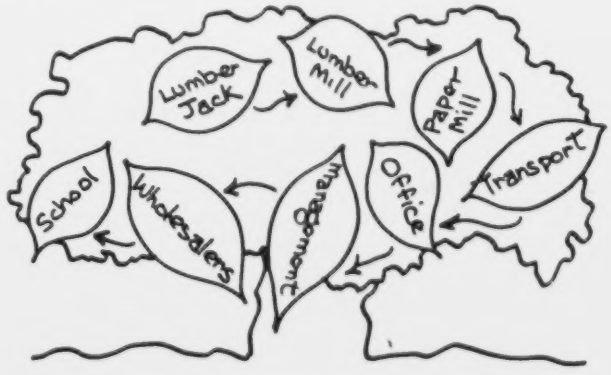
### IV. Tracking a Resource

*language arts • sequencing • careers*

Tell the students that in this activity they will act as sheriff's deputies tracking down the workers (human resources) needed to produce and distribute an important product used in school everyday — "paper"

Read to your class one of a wonderful series of "Start to Finish" books by Ali Mitgutsch, *From Tree to Table* (Carol Rhoda Books, Inc., 1981). Also read *How Paper Is Made*, by David C. Cooke (Dodd, Mead and Co., 1959). After discussing these books, each student who is able to list at least six different types of jobs involved in the production of paper receives a gold paper sheriff's badge to wear.

Develop with the class a chart of the occupational specialists needed from the origin of the natural resource to the final sale of the product to the consumer.




Give the student a dittoed drawing of a large tree. Students label pre-cut green construction paper leaves with the names of all the workers needed from forest to consumer, and paste the leaves on the tree. Show the sequence of production by drawing arrows in the correct order from leaf to leaf.

# Blue Jeans to Income

by John C. Kalko

*John Kalko is currently a fourth grade teacher in the Bethel Park School District in Pennsylvania. In 1982 and 1983 he was on a leave of absence and worked as a graduate assistant at Arizona State University developing an economics curriculum and supervising elementary student teachers.*

## Resources in the Marketplace

**Many of today's fifth and sixth graders are active in the marketplace, making their own choices, influencing the purchases of their parents, or supplying goods and services to others. Most are aware of what natural resources are and of efforts to conserve and use them wisely. Many have their own savings accounts or own bonds which generate income. Others have hired out their labor or operated their own backyard businesses without realizing that each is dependent upon basic economic resources.**

**In a few short years, these children will be involved in all aspects of the marketplace as teenage consumers, producers, and wage earners. They will need to understand that as well as goods and services, the jobs, careers, income, and quality of life in our society are all dependent upon the effective use of economic resources in response to consumer values. The earlier children begin to think about these factors of economic activity, the better their choices will be as they move into adult roles in the marketplace.**

## Student Goals

1. Identify economic resources in the production of a good or service.
2. Understand that the value given to an economic resource reflects the value consumers place on the products and services it produces.
3. Classify economic resources according to the four factors of production.
4. Analyze how earning one's income is dependent upon the use of economic resources.

## Teaching Activities

**I. Making Blue Jeans**
*sequencing • critical thinking • reasoning*

This activity creates the opportunity for students to isolate and identify the economic resources used in the manufacture of a product, then analyze the relationship of those resources to the goods and services that are produced.

Display in *random* order eight cards upon which the following steps in the manufacture of blue jeans have been written.

- Management purchases cotton bolls from farmers.
- Cotton seeds are removed by cotton gin.
- Loose cotton fiber is twisted into yarn.
- Yarn is dyed and wound on bobbins.
- Yarn is woven into fabric on a loom.
- Patterns are used to cut pieces of fabric.
- Workers sew fabric pieces together.
- Inspectors approve the jeans and add trademarks and labels.

Discuss each step briefly and ask students to help arrange them in the proper order. Ask each student to make a list of as many of the things needed to manufacture blue jeans as he/she can. After a few minutes, have the students share their ideas. List them at the chalkboard, grouping them according to factors of production (natural resources, capital resources, labor, entrepreneurship) without labeling them.

Explain that these are economic resources: things which have the ability to help produce goods and services that people value. Ask the students to think about the manufacturing process just discussed. Use the following questions to analyze the relationship between a product and the economic resources used to produce it.

1. Does everyone have as many pairs of blue jeans as he/she would like? Why is their supply of jeans limited? (The price of blue jeans makes it prohibitive to buy all you want)
2. How can economic resources sometimes affect the supply of a good or service? (The cost and availability of economic resources influences production decisions. Shortages, strikes, poor management decisions)
3. Are all economic resources equal in value? (No) What causes differences in the values of resources and value of the end product? (If resources are limited, or have alternate use; changes in demand for the product)
4. What factors can you think of which might cause producers to change the good or service for which they are using a particular economic resource? (Change of consumers' tastes or a change in the price and availability of a factor of production)

***PARENT CORNER:*** *Together with your child, analyze a toy or other item to determine which economic resources were needed to produce it.*

## II. Factors of Production

*critical thinking • classifying • analysis*

In this activity students identify economic resources, then classify them as factors of production. Introduce the factors of production by writing each at the chalkboard. Explain the meaning of each. Ask students for examples.

*Natural resources* include land sites where ranches, orchards, shopping centers, factories, etc. are located as well as those things found in nature which are useful in producing goods and services (minerals, trees, water, sunshine).

*Capital resources* are those human-made items used to produce goods and services including factories, tools, machinery, and buildings.

*Labor* is the human effort in producing goods and services including the management ability to assemble and organize the factors of production.

*Entrepreneurship* is the ability to imagine or foresee *what* will be a profitable venture, and the willingness to take the risk and initiate it (that is, to produce a good/service the public wants).

Use an unrelated creative writing lesson, math worksheet, or other written assignment for an in-depth examination of economic resources. Have students identify all the economic resources used in completing the assignment. Urge them to be specific as they make their lists. After a few minutes ask them to share their ideas. List each economic resource at the board under the factor of production to which it belongs. Such a listing might resemble the following table.

| Natural Resources |
|---|
| paper from trees, pencils from trees and clay, ink from oil, erasers from tree sap, |
| **Capital Resources** |
| machines to line and cut paper, ballpoint pens and pencils, machines to roll paper, delivery trucks, computers, |
| **Labor** |
| students writing, teacher explaining the assignment, workers cutting and packaging the paper, carpenters making desks, |
| **Entrepreneurship** |
| student's use of imagination in planning and completing a written assignment, planning a profitable papermaking process, |

## III. Wealth from Resources

*discussion • critical thinking • analysis*

During this activity, students will examine the relationships between income, economic well-being, and control of economic resources while analyzing their roles as suppliers of goods and services.

Begin by asking students, who in their community supplies goods and services to the marketplace for consumers? Does anyone in this class supply a good or service to the marketplace in order to earn money or income?

Ask students to help compile a table listing jobs students perform as suppliers of goods and services.

| Student Jobs | |
|---|---|
| **Self-employed** | **Employed by others** |
| Recycle aluminum cans, glass, newspapers,<br>Operate your own refreshment or candy stand,<br>Selling bait to fishermen, | Mow lawns,<br>Shovel snow,<br>A newspaper route,<br>Run errands for others,<br>Clean garages, yards, basements,<br>Pick and sell corn or other vegetables, |

Continue the discussion with the following questions:

1. How are those students who supply goods and services able to do so? (They use economic resources.) What are some of the resources they use?
2. What do suppliers get in exchange for contributing or investing their resources? (income or wealth)
3. What do we mean by income and wealth? (Money that is earned for doing things other people value — wages, interest from savings, etc. Wealth is the value or worth of all that we possess — tangible and intangible).

Explain that income and wealth provide an individual with the ability to satisfy wants and needs in the marketplace.

Continue working as a group to make an in-depth study of one of the student businesses suggested above and how it requires the use of economic resources. Start with one factor of production and move on through the others. List students ideas in a table.

| A newspaper route | Recycling Aluminum |
|---|---|
| **Natural Resources**<br>wood for papers,<br>oil for motor fuels,<br>oil for print ink, | land in parks and along roads to search for cans,<br>oil for plastic bags, |
| **Capital Resources**<br>a delivery truck,<br>a bicycle,<br>a telephone, | a car, a bicycle,<br>plastic bags, boxes,<br>paper bags, |
| **Labor**<br>folding the papers,<br>counting the papers,<br>delivering the papers, | searching for and picking up cans,<br>sorting cans, |
| **Entrepreneurship**<br>assessing the need for a paper carrier,<br>planning ways to make delivery profitable, | creating own recycling business, deciding where to search or cash in the cans, |

# Awards Competition

The XXIIIrd Olympiad, held in Los Angeles, California, stimulated the development and design of the NCEEC's national STRIVING FOR EXCELLENCE Awards Competition. This past spring, the Awards Competition was announced in a special edition of *The Elementary Economist* which used the "Summer Olympic Games" as a vehicle for teaching economics to children. (See Vol. 5, #3).

The purpose of the Awards Competition is well stated by Dr. Robert W. Reinke, NCEEC President:

> *"The Olympic games remind us every four years of the dedication and willingness on the part of athletes to work hard in their pursuit of excellence. Their efforts are stimulated and rewarded through worldwide recognition and the receipt of Olympic medals.*
>
> *Often, children exhibit the same type of dedication to hard work in achieving a goal that they have decided is important. This decision to strive for excellence is seen in many children even when little recognition or material gain is present. It is this desire to accomplish worthy goals and dedicate one's efforts to achieving those goals that is the basis for this awards competition. Children's efforts to excel are evident in many areas of interest other than athletics. Children also set appropriate goals, organize their behavior and work very hard in areas such as the arts, academics, citizenship and entrepreneurship. Such qualities make children good candidates for becoming future leaders."*

The competition called for children to be nominated by their teacher/principal for recognition in **academics, the arts, athletics, citizenship** and **entrepreneurship.** Children competed only with others of a similar grade level. Each nomination was supported by the student's own written or art work.

A panel of judges reviewed hundreds of exemplary nominations received from across the country, from which sixty-eight were selected to receive a simulated gold, silver or bronze medal. Those nominees who were not awarded medals received Certificates of Nomination in recognition of their outstanding efforts.

Children will have the opportunity *this* year to receive recognition and reinforcement for their willingness to STRIVE FOR EXCELLENCE, since the annual, national Awards Competition will be held again in early spring. NCEEC is very proud to announce the names of this year's medal winners in each category (Gold-*G*, Silver-*S*, Bronze-*B*). Below each student's name is listed the name of his/her teacher(s) and the school attended. CONGRATULATIONS TO ALL!

# Children Strive

### ACADEMICS

**Nicole Cascio** • *B*
Dean H. William
Pope Elementary
Puyallup, WA

**Maria Estrada** • *B*
Ann Laner
Hudnall School
Inglewood, CA

**David M. Halderman** • *B*
Winifred Smidt
Pine Valley Elementary
Pine Valley, CA

**Ernestine Holmes** • *G*
Rosie M. Jackson
Del Paso Heights Elementary
Sacramento, CA

**Julianne J. Jennings** • *B*
Mrs. Perkins/Brenda Jenkins
Franklin School
Tacoma, WA

**Kaylyn D. Kaiser** • *B*
Carol Bloesser
Lincoln School
Fresno, CA

**Lori Landrum** • *G*
Mrs. Kathryn Loxley
Kinnison School
Jackson, OH

**Heather R. Miltner** • *S*
Helen Sanderson
Cindy Sullivan
Weston, MA

**Kara Leigh Morgan** • *B*
Karen L. Polley
Woodsboro Elementary
Anaheim, CA

**Shelley Morrow** • *S*
Jim McKinney
Clover Valley Elementary
Oak Harbor, WA

**Jennifer Naegele** • *B*
Mrs. Kathy Quick-Gunther
Shining Mountain Elementary
Spanaway, WA

**Sara Newell** • *S*
Carol Bloesser
Lincoln School
Fresno, CA

**Juan R. Perez** • *B*
Carol Ryan
La Purisma School
Orange, CA

**Michael E. Roberts** • *B*
Mrs. Gail A. Arnold
Heritage Hill Elementary
Cincinnati, OH

**Joann Robbins** • *G*
Virginia Cardenas
Bell Gardens Intermediate
Bell Gardens, CA

**Robert Rosenberg** • *G*
Marion R. Bohen
Land O' Pines School
Howell, NJ

**Stacie Lynn Shepherd** • *S*
Carolyne H. Badgett
Dobson Elementary
Dobson, NC

**Andrew Straka** • *S*
Josephine Marr
Asbell Elementary
Fayetteville, AR

**Melissa Tisnado** • *B*
Judith E. Walsh
The Collegiate Schools
Richmond, VA

**Rachel Weinstein** • *B*
Eileen Carroll
Agassiz School
Cambridge, MA

**Alisa Wilma** • *B*
Mrs. Patricia Cleveland
Redwood Christian Elementary
Castro Valley, CA

**Samantha Wolske** • *S*
Mrs. Janice Szabo
Sacred Heart of Jesus School
Cleveland, OH

### ARTS

**Sarah Bryant** • *B*
Pamela Pelosi
Tenacre Country Day School
Wellesley, MA

## Family Pride at Awards Ceremony

*Medal winners from the Los Angeles area and their families are honored at a garden reception sponsored by First Interstate Bank of California. Other winners of the Striving for Excellence Competition are being awarded their medals in schools across the country this fall. Pictured here are members of the* (1) *Elam Family,* (2) *Griffin Family with teacher, John Cavner, far left,* (3) *Morgan Family,* (4) Perez Family, (5) *Robbins Family, and* (6) *Zacuto Family.*

Photos by Matt Fellman

1

2

# for Excellence Nationwide

**Austin Carr** • *B*
Catherine M. Buehner
Center Street School
Mentor, OH

**Alton D. Fonville, III** • *B*
Helen W. Obenshain
The Collegiate Schools
Richmond, VA

**Lisa Griffin** • *B*
John Cavner
Carpenter School
Downey, CA

**Agnes Jezior** • *S*
C. L. Galla
Florence Avenue School
Irvington, NJ

**Joseph Eldara Pereira** • *B*
Leilani Camara
Lester Shields Elementary
San Jose, CA

**Jeff Richey** • *S*
Patricia Drake
Firgrove School
Puyallup, WA

**Roy Sexton** • *B*
Robert H. Kruse
Indian Village School
Fort Wayne, IN

**Manivone Soompholphakaly** • *B*
Ruth L. Botts
William Trotter School
Dorchester, MA

**Erik Tupper** • *G*
Maurice Ferris
Bancroft School
Andover, MA

**Justin Vogt** • *B*
K. Weisenborn
Starpoint Elementary
Lockport, NY

## ATHLETICS

**Kenneth J. Barker, II** • *B*
Linda Hewett
Howard Middle School
Monticello, FL

**Adam Brown** • *S*
Robert C. Littlefield
Bancroft School
Andover, MA

**Jenae E. Cox** • *S*
Carol Bloesser
Lincoln School
Fresno, CA

**Justin E. Danenbergs** • *B*
Dorothea H. Kratzer
Jefferson Elementary
Midland, OH

**Angela L. Elam** • *G*
Carolyn Akin-Myers
Lorne Magnet School
Northridge, CA

**Kevin E. Gounaud** • *G*
Mrs. Jo Ann Gentry
Shaw Elementary
Beavercreek, OH

**Jason S. Kiley** • *B*
Anne Canty
Newton Catholic Elementary
Newton, MA

**Torril L. Purvis** • *G*
Elaine Thompson
Tiffany Elementary
Chula Vista, CA

**Michael Suvajec** • *S*
Mrs. Jean Spohn
Schuyler School
Kearny, NJ

**Andrea M. Walter** • *B*
Mrs. Patricia Ferguson
Shaw Elementary
Beavercreek, OH

## CITIZENSHIP

**Josue Algarin** • *G*
Vigermina Rivera
John P. Holland School
Dorchester, MA

**Lillian Casas** • *G*
Denise L. Johnson
Rice Elementary
Chula Vista, CA

**Jennifer L. Hiam** • *S*
Terrie L. Verner
Central Avenue Elementary
Tacoma, WA

**Jason E. J. Hursey** • *S*
Maggie McDonald
Manitau Elementary
Tacoma, WA

**Aline M. Kissinger** • *B*
John C. Kalko
John McMillan Elementary
Bethel Park, PA

**Tanya M. Kuhn** • *S*
Rosie M. Jackson
Del Paso Heights Elementary
Sacramento, CA

**Miguel Morales** • *S*
Carol Kurtz
Athens Academy
Athens, GA

**Brandy L. Osborn** • *S*
Dorothea H. Kratzer
Jefferson Elementary
Midland, OH

**Robert L. Pickels** • *G*
Linda Hewett
Howard Middle School
Monticello, FL

**Ruby R. Ramirez** • *G*
Leilani Camara
Lester Shields Elementary
San Jose, CA

**Kevin S. Reeve** • *B*
Mrs. Deana Ewers
Shaw Elementary
Beavercreek, OH

**John W. Strangeways** • *B*
Diana Smiley
Alta Vista School
Phoenix, AZ

**Tonja I. Woodings** • *B*
Cliff Stevenson
Basin City Elementary
Mesa, WA

**Jeffrey Yakubik** • *S*
Sandra Smith
Valle Lindo School
Chula Vista, CA

**Chad Yoshikawa** • *G*
Mrs. Nina Johnson
Withamsville-Tabasco School
Cincinnati, OH

**William B. Zacuto** • *B*
A.N. Gediman
Lockhurst Drive School
Woodland Hills, CA

**Steven Zirelli** • *S*
Loretta Picard
St. Charles School
San Carlos, CA

## ENTREPRENEURSHIP

**Michelle Barry** • *G*
Robert C. Littlefield
Bancroft School
Andover, MA

**Robert F. Brooks, Jr.** • *G*
Fletcher Collins, III
The Collegiate Schools
Richmond, VA

**John D. Davenport** • *S*
Paul W. Theiss
Hudson Jr. High School
Hudson, OH

**Daniel Eddleman** • *B*
Vanna Born
Don Gaspar de Portola School
Livermore, CA

**Tovi C. Laughon** • *B*
Catherine M. Melton
The Collegiate Schools
Richmond, VA

**Mary D. Pasquini** • *B*
John C. Kalko
John McMillan Elementary
Bethel Park, PA

**Robert A. Polender** • *S*
Richard Waldsmith
State Road School
LaCrosse, WI

**Ryan Wagner** • *B*
Suzanne Dolensky
St. Francis de Sales School
Akron, OH

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# *Membership Opportunity*

# Subscription Offered With NCEEC Membership

**IF** you are an individual who believes it's important to:

- teach children economics at an early age, using a problem-solving, decision-making approach, and
- teach children how and why people behave as they do within an economic system

because it develops more informed citizens, consumers and voters — and ultimately a more economically literate society,

**THEN** you are an individual who wants to:

- support the unique efforts of NCEEC, and
- continue the benefits you already receive from reading *The Elementary Economist* — a professional journal of economic ideas that is valuable to *all* adults who want to better understand the economic forces that shape their lives. Teachers with this awareness impart a more informed view of society to those whose lives *they* shape!

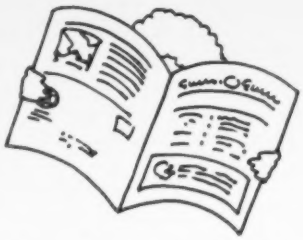
## NCEEC's Contributions

NCEEC has been contributing to *your* activities in the classroom and within the community through:

- the publication of *The Elementary Economist*,
- the development of educational materials that approach the learning process through community-based, community-wide activities for teachers, children, parents, business and industry, and
- teacher inservice and preservice training

## What Membership Means

YOU are invited to join this unique non-profit institution in support of its efforts for an annual MEMBERSHIP of only $15.00. MEMBERSHIP will acknowledge your association with an economic education program which provides young children with a more operational understanding of activities within their community, and society as a whole. MEMBERS will have a more formal link to our organization and the services, materials and resources we provide.

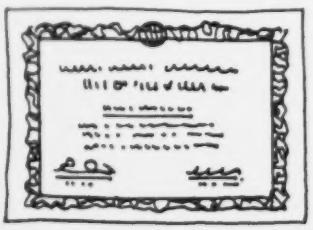


## NCEEC Members Receive

(1)all issues of *The Elementary Economist*, published in the fall, winter and spring, plus special editions. *The Elementary Economist* is a timely professional journal of economic topics with related classroom-tested activities on four grade levels: Pre-K, 1-2, 3-4 and 5-6. Since activities are integrated with language arts, mathematics, social studies and other curricula and skill areas, the publication is a valuable classroom resource.

(2)a 15% discount on NCEEC inservice teacher workshops given within your own school/district, for your personal and professional growth

(3)a 15% discount on the purchase of those Center materials made available to individual teachers, plus additional resource materials at no cost



(4)a yearly MEMBERSHIP Certificate in the National Center of Economic Education for Children, recognizing you for "strengthening efforts to incorporate an economic way of thinking in children's lives and supporting the Center in eliminating economic illiteracy in our nation's communities."

## Distribution of *The Elementary Economist*

YOU may have been receiving *The Elementary Economist* through your school or district office, without having personally requested it. Corporate sponsorship has allowed us to distribute *The Elementary Economist* to private and public elementary school principals and district level personnel in *selected* states. We hope this service will continue within your state, however, sponsored distribution *cannot be guaranteed* on an issue-by-issue basis. Therefore, we urge you to become a MEMBER of NCEEC to ensure your personal subscription to *The Elementary Economist* and take advantage of NCEEC's other benefits. Our goal is to have a corporate sponsor in *every* state, so that *every* elementary school nationwide (public and private) will receive at least an institutional copy of each issue.

## Membership Information

YES, I want to begin my yearly MEMBERSHIP in NCEEC (9/84-8/85) and continue receiving *The Elementary Economist*. Enclosed is a check for *$15.00* to *NCEEC-MEMBERSHIP* and the completed form below.

NOTE: Membership forms and checks must be received in this office by *NOVEMBER 30* in order to receive your personal copy of the winter issue of *The Elementary Economist*.

### NCEEC MEMBERSHIP FORM
(9/1/84-8/31/85)

Name *(please print)* _____

Position/Title *(if applicable)* _____

School/Company/Organization *(if applicable)* _____

Mailing Address _____

_____

_____ Home Business/School

FOR SCHOOL PERSONNEL

Name of School District _____

Public Private Teaching Level: Pre-K 1-2 3-4 5-6 Other _____

FOR INTERESTED WRITERS

Interested in receiving information on writing teaching activities for The Elementary Economist? YES

Please make check payable to NCEEC-MEMBERSHIP and return to:
Membership/Subscription
NCEEC at Lesley College
35 Mellen Street
Cambridge, MA 02138

*Membership is not to be confused with the designation of members of the corporation as governed by Massachusetts general laws chapter 180.*

*(continued from page 3)*

it), allow bankers to use money to lend to factory owners who want to purchase machinery and equipment. These savers must be rewarded by the payment of *interest*. So, interest is payment for giving up consumption much as wages are the payment for giving up leisure, and changes in the willingness to save will cause changes in the rate of interest.

The final resource — imagination or entrepreneurship — is not the same as management, which is really just a special and probably rare form of labor. Entrepreneurship is, rather, an ability to see that the public will be willing to pay more for resources in one use than in another. (For example, the public will presently pay more for cotton in jeans than for cotton in train engineer caps.)

The price an entrepreneur pays for resources (whether lemons or labor) is determined by the value these resources already have in the marketplace. That is, the entrepreneur who wants to buy lemons, ice, and sugar to make lemonade must pay at least the same price that others pay for these resources when they purchase them for other uses, such as iced tea. In the marketplace, people gain the ability to own or use resources by bidding them away from the next most valuable use. An entrepreneur will buy resources at the market price if he/she thinks the public will be willing to pay more for these resources when they are combined to make a new or different product. If he/she is right, then a *profit* is earned, if not, there is a loss.

**RESOURCES AND WASTE**

We said earlier that a process of change is called "production" if the new state is preferred to the old, but the question "preferred by whom?" was left hanging. In a market economy, consumer preferences determine the value of the various possible uses of resources by the amount they pay for different products. Since markets tend to assure that resources are used where their value to consumers is the greatest, only "productive" and not "wasteful" changes in the state of resources occur. The exception to this is the circumstances in which consumers' values are *not* correctly measured by the market. For example, consumers may value very highly the opportunity to look at a beautiful forest, but if they *do not have to pay* to look at the forest, the market does not register this consumer value. On the other hand, consumers *do* have to pay for the paper products made from the forest. Thus, the market will say consumers prefer paper products to forests when this may not be the case. If not, then the process of changing trees to paper may be a waste of resources.

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**Editor** Eleanor C. Sabini
**Designer** BeAllen
**President** Robert W. Reinke, Ph.D.
**Director** Loismay C. Abeles, Ed.D.

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